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General Counsel

December 19, 2005

Dear Governor Blunt:

The Missouri Public Service Commission continues to meet today's complex utility issues and challenges with a great deal of enthusiasm. In addition to several cases heard by the Commission, we addressed several major issues during the 2005 fiscal year including:

- Preparing Missouri consumers for wholesale natural gas prices that are higher than they have ever been for this time of the year. While the Commission does not have regulatory control over the wholesale supplier's prices, the Commission continues to alert consumers to the potential impact that those prices may have on their budgets. The Commission remains very concerned over high natural gas prices and continues to encourage consumers to find safe ways to make their homes more energy efficient and cut down on their usage.
- Fiscal year 2005 was the first winter of implementation of changes to the Commission's Cold Weather Rule. Those changes include additional protections from service disconnections for registered elderly and disabled customers who meet certain income guidelines. Changes also include raising the minimum temperature before utility shutoff.
- Missouri continues to have some of the lowest electric rates in the nation. We continue to work with all parties in efforts to maintain these low rates.
- The Commission approved innovative experimental regulatory plans for Kansas City Power & Light and The Empire District Electric Company.
- The Commission continues to actively participate in regional transmission organizations in order to protect Missouri consumers and economic development initiatives.
- The Commission adopted several telecommunications rules including truth-in-billing and customer proprietary network information.
- The Public Service Commission adopted a funding mechanism for a state universal service fund designed to assist low-income and disabled customers with telecommunications service.
- The Commission developed procedures for the licensing of entities that install or setup new manufactured homes.
- We continued work on development of a permanent rule for expanded local calling.

The Missouri Public Service Commission is pleased to submit its annual report for the fiscal year of July 1, 2004 through June 30, 2005.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Davis".

Jeff Davis, Chairman